

AMENDED IN ASSEMBLY APRIL 5, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1061**

**Introduced by Assembly Member McClintock**

February 25, 1999

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An act to repeal Sections 8208, 8264, 8392, 33319, 49452.5, 51201.5, 51229.8, 51553, 51554, and 51555 of, and to repeal Part 6.7 (commencing with Section 8920) of, the Education Code, to repeal Sections 120380, 125075, 125080, 125085, 125090, 125095, 125100, 125105, 125107, and 125110 of, to repeal Division 10.5 (commencing with Section 11750) of, Chapter 4 (commencing with Section 103925) of Part 2 of Division 102 of, Article 4 (commencing with Section 116875) of Chapter 5 of Part 12 of Division 104 of, Article 1 (commencing with Section 12322) of Chapter 1 of Part 2 of Division 106 of, and Article 2 (commencing with Section 125000) of Chapter 1 of Part 5 of Division 106 of, the Health and Safety Code, to repeal Part 6.2 (commencing with Section 12693) of, Part 6.3 (commencing with Section 12695) of, and Part 6.5 (commencing with Section 12700) of Division 2 of, the Insurance Code, and to add Section 17053.93 to the Revenue and Taxation Code, and to repeal Chapter 7 (commencing with Section 14000) of, Chapter 8 (commencing with Section 14200) of, and Chapter 8.5 (commencing with Section 14500) of Part 3 of Division 9 of, the Welfare and Institutions Code, relating to health, and making an appropriation therefor.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1061, as amended, McClintock. Health coverage: health care programs: income taxes: credit: health care.

Existing law establishes various health care programs to provide health care to low-income uninsured persons, including the Healthy Families Program, administered by the Managed Risk Medical Insurance Board, to arrange for the provision of health services to eligible children. Coverage is afforded using a purchasing pool model, issuance of insurance purchasing credits, or other appropriate means, and provided by a broad range of health plans, including insurers, health care service plans, county organized health systems, health care authorities, and local initiatives.

This bill would repeal the Healthy Families Program. This bill would also repeal Medi-Cal programs, the Maternal and Child Health Program Act, certain State Department of Alcohol and Drug programs, the Access for Infants and Mothers Program, the California Major Risk Medical Insurance Program, and specified programs relating to scoliosis, AIDS prevention instruction, and people health screening.

The Personal Income Tax Law authorizes various credits against the taxes imposed by that law.

This bill would provide a refundable income tax credit to a taxpayer whose family income is between 100% and 200% of the federal poverty level for medical costs, and would appropriate for purposes of the refunds an amount equal to the revenues saved by the health care programs eliminated by the bill, as provided.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. This act shall be known and may be cited  
2 as “the Access to Affordable Choice Act.”

3 SEC. 2. Section 8208 of the Education Code is  
4 repealed.

5 SEC. 3. Section 8264 of the Education Code is  
6 repealed.



1 SEC. 4. Section 8392 of the Education Code is  
2 repealed.  
3 SEC. 5. Part 6.7 (commencing with Section 8920) of  
4 the Education Code is repealed.  
5 SEC. 6. Section 33319 of the Education Code is  
6 repealed.  
7 SEC. 7. Section 49452.5 of the Education Code is  
8 repealed.  
9 SEC. 8. Section 51201.5 of the Education Code is  
10 repealed.  
11 SEC. 9. Section 51229.8 of the Education Code is  
12 repealed.  
13 SEC. 10. Section 51553 of the Education Code is  
14 repealed.  
15 SEC. 11. Section 51554 of the Education Code is  
16 repealed.  
17 SEC. 12. Section 51555 of the Education Code is  
18 repealed.  
19 SEC. 13. Division 10.5 (commencing with Section  
20 11750) of the Health and Safety Code is repealed.  
21 SEC. 14. Chapter 4 (commencing with Section  
22 103925) of Part 2 of Division 102 of the Health and Safety  
23 Code is repealed.  
24 SEC. 15. Article 4 (commencing with Section 116875)  
25 of Chapter 5 of Division 104 of the Health and Safety Code  
26 is repealed.  
27 SEC. 16. Section 120380 of the Health and Safety Code  
28 is repealed.  
29 SEC. 17. Article 1 (commencing with Section 123225)  
30 of Chapter 1 of Part 2 of Division 106 of the Health and  
31 Safety Code is repealed.  
32 SEC. 18. Article 2 (commencing with Section 125000)  
33 of Chapter 1 of Part 5 of Division 106 of the Health and  
34 Safety Code is repealed.  
35 SEC. 19. Section 125075 of the Health and Safety Code  
36 is repealed.  
37 SEC. 20. Section 125080 of the Health and Safety Code  
38 is repealed.  
39 SEC. 21. Section 125085 of the Health and Safety Code  
40 is repealed.

1 SEC. 22. Section 125090 of the Health and Safety Code  
2 is repealed.

3 SEC. 23. Section 125095 of the Health and Safety Code  
4 is repealed.

5 SEC. 24. Section 125100 of the Health and Safety Code  
6 is repealed.

7 SEC. 25. Section 125105 of the Health and Safety Code  
8 is repealed.

9 SEC. 26. Section 125107 of the Health and Safety Code  
10 is repealed.

11 SEC. 27. Section 125110 of the Health and Safety Code  
12 is repealed.

13 SEC. 28. Part 6.2 (commencing with Section 12693) of  
14 Division 2 of the Insurance Code is repealed.

15 SEC. 29. Part 6.3 (commencing with Section 12695) of  
16 Division 2 of the Insurance Code is repealed.

17 SEC. 30. Part 6.5 (commencing with Section 12700) of  
18 Division 2 of the Insurance Code is repealed.

19 SEC. 31. Section 17053.93 is added to the Revenue and  
20 Taxation Code, to read:

21 17053.93. (a) For each taxable year beginning on or  
22 after January 1, 1999, there shall be allowed as a credit  
23 against the "net tax," as defined by Section 17039, to a  
24 qualified taxpayer an amount determined under  
25 subdivision (c).

26 (b) For purposes of this section:

27 ~~(3) "Qualified taxpayer" means any individual whose~~  
28 ~~family income is between 100 percent and 200 percent of~~  
29 ~~the federal poverty level, and is not otherwise eligible for~~  
30 ~~Medicare.~~

31 ~~(1) "Family income" means the combined gross~~  
32 ~~income of the individual, his or her spouse, and lineal~~  
33 ~~descendants, and are members of the individual's~~  
34 ~~household.~~

35 ~~(2) "Medical costs" means costs for medical care for~~  
36 ~~the qualified taxpayer, his or her spouse and dependents,~~  
37 ~~and includes 100 percent of well-baby and well-child care,~~  
38 ~~including immunizations, all medical care copayments~~  
39 ~~above five dollars (\$5) per office visit or prescription~~  
40 ~~filled, all insurance payments for medical care, all direct~~

~~medical costs, and all payments to a medical savings  
account, as defined by Section 220 of the Internal  
Revenue Code.~~

(1) “Family income” means the combined gross income of the individual, his or her spouse, and lineal descendants, and are members of the individual’s household.

(2) “Medical costs” means costs for medical care for the qualified taxpayer, his or her spouse and dependents, and includes 100 percent of well-baby and well-child care, including immunizations, all medical care copayments above five dollars (\$5) per office visit or prescription filled, all insurance payments for medical care, all direct medical costs, and all payments to a medical savings account, as defined by Section 220 of the Internal Revenue Code.

(3) “Qualified taxpayer” means either of the following:

(A) Any individual whose family income is between 100 percent and 200 percent of the federal poverty level, and is not otherwise eligible for Medicare.

(B) Any individual 65 years of age or older whose family income is between 100 percent and 200 percent of the federal poverty level, but only with respect to medical costs that are not covered by Medicare.

(c) The credit shall be an amount equal to all medical costs above 2 percent of family income for families between 100 and 150 percent of the federal poverty level (FPL). For families with incomes above 150 percent of the FPL, the credit shall be an amount equal to those medical costs above the following percentages of family income:

For families with incomes between:	Covers medical costs above:
150 and 158 percent of FPL . . . . .	2.5% of family income
158 and 167 percent of FPL . . . . .	3% of family income
167 and 175 percent of FPL . . . . .	3.5% of family income
175 and 183 percent of FPL . . . . .	4% of family income

1	183 and 192 percent of FPL . . . . .	4.5% of family income
2	192 and 200 percent of FPL . . . . .	5% of family income

3

4 (d) In order to claim the credit, the filer's children  
5 must be enrolled in at least a minimum health care plan  
6 to cover catastrophic costs.

7 (e) Filers qualifying for the credit may file a  
8 preliminary tax return estimating the family's anticipated  
9 tax liability for the year, qualified medical costs incurred,  
10 and estimated refund due, to be applied against their  
11 actual tax return.

12 (f) Employers who provide health insurance for  
13 employees shall be allowed to make direct payment to the  
14 health plan of the employee's choice.

15 (g) Outreach by the Franchise Tax Board, in  
16 cooperation with the State Department of Health  
17 Services, shall be accomplished through direct contact  
18 with all qualifying families, including provision of the  
19 necessary tax forms to claim the refundable credit.

20 (h) The State Department of Health Services shall  
21 maintain a list of insurance plans that meet the standards  
22 under federal law, and a description of all premiums,  
23 deductibles, coinsurance, terms of coverage, and  
24 whatever other reports are required by federal law, and  
25 shall make that information available to the public upon  
26 request.

27 (i) In the case of a taxpayer whose credits provided  
28 under this section exceed the taxpayer's tax liability  
29 computed under this part, the excess shall be credited  
30 against other amounts due, if any, from the taxpayer and  
31 the balance, if any, shall be refunded to the taxpayer.

32 SEC. 32. Chapter 7 (commencing with Section 14000)  
33 of Part 3 of Division 9 of the Welfare and Institutions Code  
34 is repealed.

35 SEC. 33. Chapter 8 (commencing with Section 14200)  
36 of Part 3 of Division 9 of the Welfare and Institutions Code  
37 is repealed.

38 SEC. 34. Chapter 8.5 (commencing with Section  
39 14500) of Part 3 of Division 9 of the Welfare and  
40 Institutions Code is repealed.



1 SEC. 35. For purposes of the refunds provided by  
2 Section 17053.99 of the Revenue and Taxation Code, as  
3 added by this act, there is hereby appropriated from the  
4 General Fund to the Franchise Tax Board an amount  
5 equal to the amount of revenues saved by the programs  
6 eliminated by Sections 1 to 30, inclusive, and Sections 32  
7 to 34, inclusive, of this act.

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